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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/23/2007  
 LAST UPDATED 2/9/2007    HB 87/a HJC

SPONSOR Larranaga

SHORT TITLE Prohibit Under 21 Lottery Participation    SB \_\_\_\_\_

ANALYST Schuss

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	(\$3,400.0)		Recurring	New Mexico Lottery Authority
	(\$1,100.0)		Recurring	Lottery Tuition Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Gaming Control Board (GCB)  
 State Racing Commission (SRC)  
 Higher Education Department (NMHED)  
 New Mexico Lottery Authority (NMLA)

### SUMMARY

#### Synopsis of Amendment

The amendment will allow individuals ages eighteen and over to become a lottery retailer; in addition to selling or distributing lottery tickets. This amendment also removes the provision that an individual under twenty one may not sell or possess a pari-mutuel ticket or certificate.

NMLA reiterates that individuals between the ages of 18 and 21 account for approximately 6.3% of the NM adult population and just under 3% of lottery sales. Based on FY '06 figures, this would have resulted in \$4.5 million less in lottery sales and \$1.1 - \$1.3 million less in the return to the state for the Lottery Tuition Fund.

Synopsis of Original Bill

House Bill 87 prohibits persons under the age of 21 from selling (this includes acting as a retailer) or purchasing state lottery tickets. This bill also prohibits persons under the age of 21 from selling, purchasing or possessing a pari-mutuel ticket or certificate.

**FISCAL IMPLICATIONS**

The New Mexico Lottery Authority (NMLA) states that the fiscal implications of passage of this bill are two-fold. Increasing the age at which employees can sell lottery tickets places a burden on retailers to hire and maintain employees 21 years of age or older. Many retailers may see this change as a hindrance to their daily business operation, which may result in terminating their contract with the lottery authority and decreasing the lottery's distribution points for selling lottery tickets, resulting in a decrease in lottery sales and in revenues to the Lottery Tuition Fund. As to the purchase of lottery tickets, according to the NMLA's high-tier redemption rates this age requirement change will affect just under 3% of lottery players. Based on FY '06 figures, this would have resulted in \$4.5 million less in lottery sales and \$1.1 million less in the return to the state for the Lottery Tuition Fund.

The State Racing Commission states that currently there is no system in place at any New Mexico racetrack for tracing any age group, ultimately there is no way to determine what kind of affect this would have. Although, race tracks are currently trying to attract a younger crowd to continue the growth of New Mexico's racing industry. Passage of this bill could hinder these efforts.

**SIGNIFICANT ISSUES**

The Higher Education Department (NMHED) notes that in an Albuquerque Journal article dated January 12, 2006, it was reported that as many as 108,000 New Mexicans may be problem gamblers. Governor Bill Richardson commissioned the study, which confirms that problem gamblers are a serious social problem in New Mexico and that treatment capacity is inadequate.

NMHED has also provided the following chart which reports the gaming participation in New Mexico according to a 2006 study done by Gemini Research

	Lifetime Participation (2850) %	Past Year Participation (2850) %	Monthly Participation (2850) %	Weekly Participation (2850) %
Lottery	64.0	51.7	14.1	5.8
Casino	64.0	36.6	3.9	1.4
Pari-mutuel	29.9	7.0	0.4	0.1
Sports	25.7	14.7	2.9	1.0
Private	24.9	13.3	2.3	0.9
Non-casino bingo	17.6	5.5	0.8	0.2
Non-casino gaming machines	17.6	5.5	0.4	0.2

Other	16.0	9.4	1.0	0.3
Non-lottery numbers	3.1	1.3	0.1	0.1
Internet	1.8	1.4	0.8	0.5
Total	85.0	67.6	19.8	8.6

The study also notes that nearly one-fifth (17.9%) of the respondents in the New Mexico survey only acknowledge having gambled on one activity in their lifetime. The majority of these respondents (N=374) are casino and lottery players. Over half of these respondents (57%) have played the lottery and 42% have been to a casino. Much smaller percentages of this group (between 3% and 7%) have gambled on private games, sports, horseracing, non-casino machines or other activities.

### **ADMINISTRATIVE IMPLICATIONS**

The NMHED states that restricting the age limit for those who could sell the tickets could force changes in hiring practices for retailers.

### **OTHER SUBSTANTIVE ISSUES**

The Gaming Control Board notes the Bingo & Raffle Act, §60-2B-1 thru §60-2B-14 NMSA. Bingo and Raffle are defined as games of chance. The act does not establish a participant age limit.

BS/mt